

719 **Q. DO ANY OTHER CLEC WITNESSES MAKE SIMILAR COMMENTS?**

720 A63. Yes. Mr. Pitterle filed testimony on behalf of TDS. Mr. Pitterle notes that TDS, unlike  
721 many of the other CLECs in this case, today primarily uses UNE-L, instead of UNE-P, to  
722 serve mass-market customers in Illinois. Mr. Pitterle explains that since the hot cuts it  
723 requests are the result of new customer acquisitions (and not UNE-P to UNE-L  
724 embedded base conversions), TDS is unlikely to need or benefit from a batch cut  
725 process.<sup>61</sup>

726

727 **Q. DOES THIS MEAN THAT SBC'S PROPOSED BATCH CUT PROCESS WILL**  
728 **HAVE LIMITED USEFULNESS?**

729 A64. No. Although the batch cut is primarily designed to address the conversion of the  
730 embedded based of UNE-P that will occur where the Commission determines that CLECs  
731 are not impaired without access to unbundled switching, it will also provide additional  
732 benefits to CLECs. For example, in the absence of UNE-P, it is likely that CLECs may  
733 choose to build market share in a given area through resale before entering a particular  
734 market as a facility-based carrier. CLECs using this entry strategy will be able to use the  
735 Defined Batch offering to convert their embedded based of resold customers to UNE-L.

736

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<sup>61</sup> Pitterle at p. 4.

737 **Q. DOES THE FACT THAT NEW CUSTOMER ACQUISITIONS DO NOT**  
738 **GENERALLY COME IN "BATCHES" UNDERMINE THE CLECS'**  
739 **ARGUMENTS REGARDING SPECIFIC SCENARIOS THAT ARE NOT**  
740 **CONTAINED IN SBC'S BATCH CUT PROPOSAL?**

741 A65. Yes. The CLECs have complained about the fact that SBC's batch cut proposal does not  
742 include certain scenarios. However, as discussed in more detail below, for the most part,  
743 the scenarios that the CLECs have complained about are scenarios associated with new  
744 customer acquisitions. Notably, in their discussion of these scenarios, the CLECs do not  
745 indicate any way that the scenarios in question would benefit from the "batching" of  
746 orders. Instead, they simply imply that because they believe these scenarios are  
747 important, they should be included in the batch cut. This is simply illogical.

748  
749 **Q. WHY DO YOU BELIEVE THE CLECS' ARGUMENTS IN THIS AREA ARE**  
750 **ILLOGICAL?**

751 A66. The whole concept of a *batch* process is driven by the idea that by grouping multiple  
752 similar orders together, efficiency can be gained. At its most basic, the idea that a batch  
753 will create efficiency is based on the belief that when the orders are grouped together,  
754 certain activities that would normally be performed for each order would only need to be  
755 performed once for the entire batch. Additional savings may be achieved through the use  
756 of longer lead times. The FCC indicated that it was these factors that could benefit from  
757 a batch cut process. Specifically, the FCC stated that the "record evidence strongly  
758 suggests that the hot cut process could be improved if cut overs were done on a bulk  
759 basis, such that the timing and volume of the cut over is better managed."<sup>62</sup> (474) The

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<sup>62</sup> TRO at ¶ 474.

FCC went on to note that: “we expect these processes to result in efficiencies associated with performing tasks once for multiple lines that would otherwise have been performed on a line-by-line basis.”<sup>63</sup> Clearly, the benefits are directly related to handling multiple orders at the same time.

The CLECs fault SBC for not including scenarios in its *batch cut proposal* that would not benefit from a batch.

**D. OTHER EXCLUSIONS**

**Q. THE CLEC WITNESSES SUGGEST THAT A BATCH PROCESS MUST INCLUDE CLEC-TO-CLEC MIGRATIONS, LINE SPITTING PROCESSES, AND EEL SCENARIOS TO ALLEVIATE MASS MARKET VOICE SWITCHING IMPAIRMENT. DO YOU AGREE?**

A67. No. The fact that these ordering scenarios are not part of SBC Illinois’ batch cut proposal does not mean that SBC Illinois does not offer workable processes for those scenarios. It does. However, these scenarios (CLEC-to-CLEC UNE-L migrations, line splitting processes, and EEL orders) are not appropriate for the batch cut proposal, either because they do not involve a hot cut at all, are not covered by the FCC batch cut rule, or because they involve situations that are low in volume and/or high in complexity and would not benefit from inclusion in the batch cut. Including these types of scenarios in the batch cut would eliminate the very benefits the batch cut is being established to achieve.

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<sup>63</sup> TRO at ¶ 489.

781 **Q. HOW DID THE FCC DESCRIBE A “HOT CUT”?**

782 A68. In the *TRO*, the FCC describes a “hot cut” as “a process requiring incumbent LEC  
783 technicians to disconnect manually the customer’s loop, which was hardwired to the  
784 incumbent LEC switch, and physically re-wire it to the competitive LEC switch, while  
785 simultaneously reassigning (*i.e.*, porting) the customer’s original telephone number from  
786 the incumbent LEC switch to the competitive LEC switch.”<sup>64</sup>

787

788 **Q. HOW DO “HOT CUTS” RELATE TO “BATCH CUTS”?**

789 A69. The FCC stated that the reason it required state commissions to “approve and implement  
790 a batch cut process” was to “render the hot cut process more efficient and reduce per-line  
791 hot cut costs.”<sup>65</sup>

792

793 **Q. WHY IS THIS IMPORTANT?**

794 A70. As discussed above, many of the CLECs fault SBC for not including scenarios in its  
795 batch cut proposal that either do not involve a hot cut at all or that will reduce the overall  
796 efficiency of the batch cut process. In determining what scenarios should or should not  
797 be part of a batch cut, it is imperative that we do not lose sight of what the batch cut is  
798 supposed to accomplish.

799

800 **E. CLEC-TO-CLEC MIGRATIONS**

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<sup>64</sup> *TRO* at n. 1294.

<sup>65</sup> *TRO* at ¶ 460.

801

802 **Q. WAS THE FCC'S NATIONAL IMPAIRMENT FINDING BASED ON CLEC-TO-**  
803 **CLEC MIGRATIONS?**

804 A71. No. As I summarized above, the FCC's national finding of impairment was based on its  
805 finding that if unbundled local switching were no longer a required network element,  
806 incumbent LECs would not be able to handle the large volumes of UNE-P to UNE-L hot  
807 cuts that would be required. In a CLEC-to-CLEC migration each carrier is switch-based  
808 and neither is using unbundled local switching.

809

810 **Q. ARE THE ANTICIPATED VOLUMES OF CLEC-TO-CLEC UNE-L**  
811 **MIGRATIONS COMPARABLE TO THE VOLUMES ASSOCIATED WITH**  
812 **CONVERTING THE EMBEDDED UNE-P BASE?**

813 A72. No. The concerns associated with the sudden drastic increase in hot cut volumes that  
814 would follow a finding of non-impairment for mass market switching (and which led to  
815 the FCC's finding that batch cut processes were needed), simply do not exist with CLEC-  
816 to-CLEC UNE-L migrations. Unlike the embedded base conversions, CLEC-to-CLEC  
817 UNE-L migrations will only occur as switched based CLECs win end user customers  
818 from other switch-based CLECs. In other words, this type of migration will be the result  
819 of a new customer acquisition, and this type of activity does not lend itself to the batching  
820 of orders.

821

822 **Q. ARE THERE OTHER FACTORS THAT MAY MINIMIZE CLEC-TO-CLEC**  
823 **UNE-L MIGRATIONS?**

824 A73. Yes. Although the order volumes included in SBC Illinois' volume analysis assumed that  
825 100% of today's UNE-P activity would become UNE-L activity in the absence of  
826 unbundled local switching, in reality, the number is likely to be significantly lower. For  
827 example, to the extent that some of the CLECs that currently do not provide any of their  
828 own facilities choose to use a third-party switching provider, any migrations between  
829 switch-based CLECs using the same third party switching provider would not involve  
830 any hot cut activity at all. This is because if CLEC A and CLEC B both purchase  
831 wholesale switching from the same third party switching provider, migrations between  
832 CLEC A and CLEC B would not involve any movement of the loop because the loop  
833 would stay connected to the third party provider's switch.

834  
835 **Q. YOU MENTIONED THIRD PARTY SWITCHING IN YOUR PREVIOUS**  
836 **RESPONSE, BUT CLEC TESTIMONY SUGGESTS THAT SBC'S BATCH CUT**  
837 **PROPOSAL DOES NOT SUPPORT CARRIERS THAT CHOOSE THIRD**  
838 **PARTY SWITCHING.<sup>66</sup> IS THIS ACCURATE?**

839 A74. No. Apparently there has been a bit of confusion on this issue. CLECs using third party  
840 wholesale switching providers *can* use SBC Illinois' proposed batch cut processes. In  
841 order to do so, the requesting CLEC will first need to establish that they have the right to  
842 terminate loops to the third party switching provider's collocation arrangement. This is  
843 because SBC Illinois will not terminate CLEC A's UNEs at CLEC B's collocation  
844 arrangement unless CLEC A has previously established that it has CLEC B's

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<sup>66</sup> Van de Water at pp. 39-40; Lichtenberg/Starkey at p. 17.

845 authorization to do so. Once this preliminary step is taken, the requesting CLEC would  
846 simply use the standard ordering process.

847

848 **Q. MR. VAN DE WATER, MS. LICHTENBERG AND MR. STARKEY BRIEFLY**  
849 **TOUCH ON CLEC-TO-CLEC UNE-L MIGRATIONS, DO YOU HAVE ANY**  
850 **RESPONSE?**<sup>67</sup>

851 A75. Yes. I agree with Mr. Van de Water that as more mass market voice customers are  
852 served by CLEC-owned switches, the frequency of CLEC-to-CLEC loop migrations will  
853 increase. As Mr. Van de Water notes, the processes that CLECs will use among  
854 themselves for this activity have not been standardized. However, SBC Illinois certainly  
855 should not be held responsible if the CLEC community has not yet worked through this  
856 issue. To the extent that the issues raised by Mr. Van de Water are concerns for AT&T,  
857 AT&T should work to resolve those issues with the other facility-based CLECs with  
858 whom they will be dealing.

859

860 **Q. WHAT IS THE PRIMARY CONCERN RAISED BY THE CLECS IN THIS**  
861 **AREA?**

862 A76. The biggest concern relating to CLEC-to-CLEC UNE-L issues has nothing to do with  
863 SBC Illinois' unbundled local switching or its ability to perform a hot cut once a proper  
864 LSR is submitted. Rather the issue is one of the "winning CLEC" obtaining certain  
865 customer information from the "losing CLEC." Of course, that issue has nothing to do  
866 with SBC Illinois and has no relevance to any impairment analysis in this proceeding. I

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<sup>67</sup> Van de Water Testimony at pp. 36-38.

867 note that although Mr. Van de Water does not mention it, AT&T appears to already  
868 have the ability to provide customer service information to the "winning CLEC" when it  
869 is the "losing CLEC" (at least for business customers). See:  
870 [http://www.att.com/local/lmp/lmp\\_business.html](http://www.att.com/local/lmp/lmp_business.html). To the extent not available, SBC  
871 encourages AT&T to expand that process to all mass-market customers, and encourages  
872 other CLECs to take advantage of AT&T's existing process and to offer similar processes  
873 to other switch-based carriers.

874

875 **Q. MS. LICHTENBERG AND MR. STARKEY SUGGEST THAT SBC'S RETAIL**  
876 **ARM DOES NOT FACE THE SAME TYPE OF ISSUES AS CLECS WHEN**  
877 **WINNING CUSTOMERS FROM A UNE-L PROVIDER.<sup>68</sup> IS THIS TRUE?**

878 A77. No. In reality, SBC's retail arm faces many of the same issues as CLECs. When SBC  
879 retail wins a customer that is currently served by a CLEC-owned switch, SBC retail must  
880 rely on the cooperation of the losing CLEC just as the winning CLEC in a CLEC-to-  
881 CLEC migration does.

882

883 **Q. FINALLY, DOES THE FACT THAT CLEC-TO-CLEC UNE LOOP**  
884 **MIGRATIONS ARE NOT PART OF SBC ILLINOIS' BATCH CUT PROPOSAL**  
885 **MEAN THAT SBC ILLINOIS IS UNWILLING TO CONSIDER PROCESS**  
886 **IMPROVEMENTS FOR THIS PROCESS?**

887 A78. Absolutely not. In fact, SBC Illinois recently implemented process improvements for this  
888 scenario at the CLECs' request. SBC Illinois will continue to work with CLECs in this

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<sup>68</sup> Lichtenberg/Starkey at p. 20.



889 regard; however, as stated above, many of the issues are issues between the CLECs, and  
890 outside the control of SBC Illinois.

891

892 **Q. WHAT IS SBC'S RESPONSE TO MR. MCCLERREN'S RECOMMENDATION**  
893 **ON THIS ISSUE?**<sup>69</sup>

894 A79. I agree with Mr. McClerren that this is an important issue that needs to be addressed by  
895 the industry. My only concern with Mr. McClerren's suggested approach is that  
896 industry-wide issues need an industry-wide resolution. If each state commission were to  
897 attempt to address this issue individually, all of the carriers involved would have to be  
898 involved in numerous proceedings and would potentially be subject to conflicting rulings.  
899 To the extent possible, CLEC-to-CLEC loop migration issues should be handled using a  
900 multi-state approach.

901

902 **F. EEL SCENARIOS**  
903

904 **Q. WAS THE FCC'S NATIONAL IMPAIRMENT FINDING BASED ON EEL**  
905 **SCENARIOS?**

906 A80. No. As I summarized above, the FCC's national finding of impairment was based on its  
907 finding that if unbundled local switching were no longer a required network element,  
908 incumbent LECs would not be able to handle the large volumes of UNE-P to UNE-L hot  
909 cuts that would be required.

910

911 **Q. DID THE FCC DISCUSS EELS IN RELATION TO HOT CUTS AND THE**  
912 **BATCH CUT PROCESS?**

913 A81. Yes. The FCC specifically discussed EELs in the batch cut portion of the *TRO*.  
914 WorldCom suggested that DS0 EELs would “mitigate perceived difficulties with a  
915 transition from unbundled loops combined with unbundled local circuit switching to  
916 stand-alone loops.”<sup>70</sup> However, in spite of WorldCom’s suggestion, the FCC did not  
917 indicate that EELs should be included in the batch cut process. Instead, the FCC declined  
918 “to establish at this time rules requiring concentration. The record demonstrates that DS0  
919 EELs could increase loop costs and may raise several additional operational issues.”<sup>71</sup>

920

921 **Q. MR. VAN DE WATER INDICATES THAT AT&T SUPPORTS MCI’S**  
922 **PROPOSAL REGARDING EELS.<sup>72</sup> IS MCI’S EEL PROPOSAL NEW?**

923 A82. No. As noted above, MCI proposed this same type of arrangement to the FCC, and the  
924 FCC rejected it in the *TRO*. Just as in this proceeding, in the context of the *TRO*, MCI  
925 proposed this arrangement in order to “mitigate perceived difficulties with a transition  
926 from unbundled loops combined with unbundled local circuit switching to stand-alone  
927 loops.” It is ludicrous to suggest that this process should be part of the batch cut process  
928 required by the FCC when the FCC specifically declined to require in the context of  
929 transitioning the UNE-P embedded base, citing the potential for increased loop costs and  
930 operational issues.<sup>73</sup>

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<sup>69</sup> McClerren at p 24-25

<sup>70</sup> *TRO* at ¶ 492.

<sup>71</sup> *TRO* at ¶ 492.

<sup>72</sup> Van de Water at p. 39. Lichtenberg/Starkey at p 21.

<sup>73</sup> *TRO* at ¶ 492.

931

932 **Q. WHAT IS SBC'S RESPONSE TO MR. CLAUSEN'S RECOMMENDATION ON**  
933 **THIS ISSUE?**<sup>74</sup>

934 A83. I do not believe that EELs should have been included in SBC's batch cut proposal. As  
935 Mr. Clausen notes, an EEL is the purchase of a loop and interoffice transport. Therefore,  
936 it is not the same as the migration of a loop. At this time, SBC believes its existing  
937 process and procedures for the ordering and provisioning of EELs are adequate. Mr.  
938 Clausen's only reason for addressing EELs is that he believes the same reasons for  
939 including line splitting in the batch cut process also apply to EELs. With all due respect,  
940 the differences between EELs and line splitting arrangements are substantial. Moreover,  
941 Mr. Clausen does not provide any, nor am I aware of any, concrete concerns raised in  
942 this proceeding regarding the existing EEL process—other than the claim that it should  
943 be part of the batch cut process. Based on the current record it is difficult for SBC to  
944 determine what EEL-specific process enhancements, if any, would be beneficial. Given  
945 the numerous other issues that need to be addressed in the very near term, SBC believes it  
946 is unnecessary for the Commission to become involved in this issue as Mr. Clausen  
947 recommends.

948

949 **G. LINE SPLITTING – GENERAL ISSUES**  
950

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<sup>74</sup> Clausen at p. 26.

951 **Q. WHAT IS "LINE SPLITTING"?**

952 A84. Line splitting is the shared use of an xDSL loop purchased from an ILEC for the  
953 provision of voice and data services by two CLECs to the same end-user customer at the  
954 same location. Under existing SBC Illinois offerings, CLECs may provide voice and  
955 data services to customers in a variety of ways.

956 With line splitting, the xDSL loop is terminated at a CLEC's collocation arrangement  
957 where it is connected to a CLEC-owned splitter. The splitter separates the voice and data  
958 frequencies. The data portion of the line is routed to the data CLEC's DSLAM, which  
959 may be integrated with the splitter. Both the splitter and DSLAM are required for line  
960 splitting as they are with line sharing. As with line sharing, the data CLEC must be  
961 collocated due to technical limitations of xDSL.

962 Typically, the DSLAM and splitter will be located in the data CLEC's collocation space  
963 and the xDSL loop will be terminated there. The splitter will separate the voice and DSL  
964 signals, which will then be connected to the voice switch and the DSLAM equipment.

965 The voice provider in a line splitting arrangement may use its own switching equipment  
966 to provide voice service, or, it may purchase UNE switching, where available, from SBC  
967 Illinois. If the voice CLEC is collocated in the central office, it may choose to use a  
968 splitter located in its own collocation space to perform the splitting function, and send the  
969 data portion of the service to the data provider's DSLAM. However, the voice CLEC

970 may designate termination information for the connection for the DSL loop and, if  
971 ordered, the unbundled switch port to the data provider's collocation arrangement.<sup>75</sup>  
972 SBC Illinois currently has electronic ordering capabilities supporting various line  
973 splitting-related order activities based upon the various scenarios previously prioritized  
974 by CLECs.

975

976 **Q. ARE THERE DIFFERENT TYPES OF LINE SPLITTING ARRANGEMENTS?**

977 A85. Yes. For simplicity sake, in my testimony I will be referring to two basic types of line  
978 splitting: "CLEC-switched Line Splitting" and "UNE Line Splitting." "CLEC-switched  
979 Line Splitting" is simply a line splitting arrangement in which the voice signal is  
980 provided by a CLEC-owned switch. "UNE Line Splitting" is the term I will use to  
981 describe a line splitting arrangement in which the voice signal is provided by unbundled  
982 switching provided by SBC Illinois.

983

984 **Q. DO YOU AGREE WITH MR. VAN DE WATER'S DESCRIPTION OF LINE**  
985 **SPLITTING?**<sup>76</sup>

986 A86. Yes. However, Mr. Van de Water's description of the components of a line splitting  
987 arrangement was limited to the circumstances where unbundled switching is used to  
988 provide voice service for the line splitting arrangement (UNE Line Splitting). However,

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<sup>75</sup> Although line splitting CLECs have the option of terminating the DSL loop and (if ordered) the unbundled switch port with shared transport to either the voice CLEC's collocation arrangement or the data CLEC's collocation arrangement, in practice, CLEC have generally only chosen to request that these UNEs be connected to the data CLEC's collocation arrangement.

<sup>76</sup> Van de Water Testimony at pp. 34-35.

the FCC's definition of line splitting<sup>77</sup> specified that CLECs may provide the voice via a CLEC-owned switch (CLEC-switched line splitting). As a point of clarification, however, I would like to point out that in a UNE Line Splitting situation, which Mr. Van de Water refers to as "UNE-P based line splitting," SBC Illinois actually provisions two physically separate offerings – a stand-alone DSL loop terminated to collocation and a stand-alone unbundled switch port with shared transport terminated to collocation. Although Mr. Van de Water's terminology suggests otherwise, these two offerings are not physically combined within SBC Illinois' network and are not provisioned or inventoried as UNE-P.

**Q. WAS THE FCC'S NATIONAL IMPAIRMENT FINDING BASED ON ACTIVITIES ASSOCIATED WITH LINE SPLITTING?**

A87. No. As I summarized above, and detail in my direct testimony in this proceeding, the FCC's national finding of mass market switching impairment had nothing to do with line splitting, which involves packet switching, DSLAMs and may, or may not, involve the incumbent LEC's local circuit switching.

**Q. WOULD SBC ILLINOIS PERFORM ANY TYPE OF HOT CUT (BATCH OR OTHERWISE) IF A CLEC WERE TO CONVERT ITS EMBEDDED BASE OF UNE LINE SPLITTING ARRANGEMENTS TO CLEC-SWITCHED LINE SPLITTING ARRANGEMENTS?**

A88. No. If CLECs were to deploy the network architecture needed to support CLEC-switched line splitting, SBC Illinois' only involvement in the embedded base conversion

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<sup>77</sup> See 47 C.F.R. 51.319 (a)(1)(ii)(A).

would be to "port out" the existing telephone number from the UNE Line Splitting arrangement via LNP so that it could be provisioned out of a CLEC switch.

**Q. MR. CLAUSEN QUOTES A PORTION OF THE FCC'S TRO THAT MENTIONS DS0 LOOPS.<sup>78</sup> DO YOU HAVE ANY COMMENTS REGARDING THE CONTEXT OF THIS REFERENCE?**

A89. Yes. Mr. Clausen suggests that the FCC has established that line shared and line split customers are provisioned over DS0 lines. In support of his contention, he provides a quote from paragraph 497 of the *TRO*. However, these excerpts are from the FCC's discussion of the mass-market trigger analysis. The FCC began its discussion in paragraph 497 with the following introduction: "For purposes of the examination described here, mass market customers are..." The description that followed (and was excerpted by Mr. Clausen) was the description of mass-market customers that was to be used when defining the market for the state commission's impairment analysis.

However, the FCC specifically lists xDSL loops (which are the loops that are used in a line splitting arrangement) separately from DS0 loops. For instance, in its discussion the loop unbundling obligations, the FCC notes that the unbundled loop includes "all local loops comprised of copper cable, including two- and four-wire analog voice-grade loops, digital loops (*e.g.*, DS0s and ISDN lines) and two-and four-wire loops conditioned to transmit the digital signals needed to provide xDSL service."<sup>79</sup> Elsewhere, the FCC notes that "The record reflects that high-capacity loops, DS1 to OCn, are generally provisioned

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<sup>78</sup> Clausen at p. 7.

<sup>79</sup> *TRO* at ¶ 249.

to enterprise customers, while voice-grade analog loops, DS0 loops, and loops that deploy xDSL services, are used to serve customers typically associated with the mass market.” Therefore, the FCC clearly recognizes a difference between DS0 loops and xDSL loops.

**Q. ICC STAFF WITNESS, MR. CLAUSEN, SUGGESTS THAT SEVERAL LINE SHARING/LINE SPLITTING SCENARIOS MEET SBC’S CRITERIA FOR EITHER SBC’S PROPOSED ENHANCED DAILY PROCESS OR DEFINED BATCH CUT PROCESS.<sup>80</sup> DO YOU AGREE?**

**A90.** No. The scenarios listed by Mr. Clausen are a transition from line sharing to CLEC-switched line splitting, UNE Line Splitting to CLEC-switched line splitting, SBC voice to CLEC-switched line splitting, and UNE-P to CLEC-switched line splitting. These not consistent with the criteria for inclusion in SBC’s batch cut processes. To begin with, the physical provisioning requirements for these scenarios are not the same as the provisioning requirements for the processes that are included in SBC’s proposal. Mr. Clausen also overlooks the fact that these scenarios involve could involve three carriers instead of the two carriers (SBC and a single CLEC) that are involved in the scenarios supported by the processes in SBC’s batch cut proposal. More importantly, SBC Illinois only performs a hot cut in two of these scenarios (SBC retail to CLEC-switched line splitting and UNE-P to CLEC-switched line splitting), and those scenarios are not like-for-like transitions (e.g., a voice service to voice service transition) and are operationally different from the hot cuts included in the proposal. In the other scenarios, the xDSL

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<sup>80</sup> Clausen at p. 6.



1055 loop has already been provided to the CLEC's collocation arrangement so SBC Illinois  
1056 does not need to perform a hot cut.

1057

1058 **Q. DOES SBC HAVE A POLICY OF "NOT WANTING TO CONNECT CLECS'**  
1059 **NETWORKS IN GENERAL"?<sup>81</sup>**

1060 A91. No. SBC current offerings do include provisions for connect CLEC networks. These  
1061 provisions are contained in interconnection agreements that have been approved by this  
1062 Commission. It is apparent that Mr. Clausen was misled by the Covad witnesses'  
1063 rhetoric.

1064

1065 **Q. MR. CLAUSEN SUGGESTS THAT IT DOES NOT MATTER WHETHER THE**  
1066 **HOT CUT IS PERFORMED BY SBC ILLINOIS OR THE CLEC.<sup>82</sup> DO YOU**  
1067 **AGREE?**

1068 A92. No. While it is true that hot cut is still a hot cut even when it is performed by a CLEC,  
1069 activities that are performed by a CLEC would not be part of a process offered by SBC  
1070 Illinois.

1071

1072 **Q. MR. CLAUSEN STATES THAT LINE SPLITTING ISSUES SHOULD HAVE**  
1073 **BEEN A PRIORITY FOR SBC SINCE THE RELEASE OF THE FCC'S LINE**  
1074 **SHARING RECONSIDERATION ORDER.<sup>83</sup> HOW DO YOU RESPOND?**

1075 A93. SBC's current offerings do allow CLECs to engage in CLEC-switched line splitting.  
1076 SBC has worked with CLECs to develop line splitting related processes that support the

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<sup>81</sup> Clausen at p. 20

<sup>82</sup> Clausen at pp. 8-9.

business needs expressed by CLECs. CLECs have requested that SBC support various scenarios for line splitting since the issuance of the *Line Sharing Reconsideration Order*. However, in spite of the fact that CLECs had the same rights to engage in line splitting utilizing CLEC switching before and after the issuance of the *TRO*, CLECs did not ask SBC to develop new order processes for CLEC-switched line splitting until recently. SBC cannot be faulted for not anticipating the fact that CLECs would choose not use available offerings.

**Q. MR. CLAUSEN NOTES THAT A DETERMINATION REGARDING THE MANNER IN WHICH SBC ILLINOIS MUST ALLOW LINE SPLITTING CLECS TO CONNECT THEIR COLLOCATION ARRANGEMENTS IS A KEY COMPONENT.<sup>84</sup> DO YOU AGREE?**

**A94.** Yes. However, I do not agree that such a determination has any bearing on a batch cut proceeding. SBC Illinois' obligations to facilitate carrier-to-carrier connections predate the *TRO*. To the extent that carriers did not believe that SBC Illinois' current offerings meet those obligations, such issues should have been resolved through the standard negotiation/arbitration processes. The FCC's *TRO* did not It is highly inappropriate for CLECs to raise interconnection agreement related disputes in the context of this proceeding.

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<sup>83</sup> Clausen at p. 9.

<sup>84</sup> Clausen at pp. 19-20

1097 **Q. WHAT IS YOUR REACTION TO MR. CLAUSEN'S DISCUSSION REGARDING**  
1098 **THE INCLUSION OF THESE SCENARIOS IN THE BATCH CUT PROCESS?**<sup>85</sup>

1099 A95. Frankly, I am a little confused by this discussion. Although Mr. Clausen criticizes the  
1100 reasons why I do not believe these scenarios should be included in the batch cut, Mr.  
1101 Clausen recognized that the "complexities of ordering and provisioning voice-plus-data  
1102 loops appear to be much greater than those for voice-only loops" and that the "processes  
1103 for voice-only migrations are much more defined than migrations for voice-plus-data  
1104 loops."<sup>86</sup> These are two of the primary reasons that SBC has opposed incorporating these  
1105 scenarios in the batch cut process.

1106

1107 **Q. DO YOU AGREE WITH MR. CLAUSEN THAT IT IS APPROPRIATE TO**  
1108 **INCLUDE ANY AND ALL HOT CUT ACTIVITIES IN THE BATCH CUT**  
1109 **PROCESS?**

1110 A96. No. The batch cut process was not intended to address every potential ordering scenario  
1111 that switch-based CLECs would face. By definition, the batch cut involves multiple lines  
1112 that are being cut at the same time. Because there are so many similarities between the  
1113 work that must occur for new customer acquisitions and embedded base migration, SBC  
1114 expanded its batch cut proposal to include the Enhanced Daily Process option. SBC's  
1115 willingness to offer a non-batch option in the context of the batch hot cut proceedings  
1116 does not mean that it is reasonable to continually expand the definition of "batch" to the  
1117 point where it is meaningless.

1118

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<sup>85</sup> Clausen at pp. 24-25.

1119 Q. DO YOU AGREE WITH MR. CLAUSEN'S SUGGESTION THAT SBC ILLINOIS  
1120 BE REQUIRED TO SUBMIT A PROPOSAL REGARDING LINE SHARING  
1121 AND LINE SPLITTING TRANSITION PROCESSES WITHIN SIXTY DAYS OF  
1122 A COMMISSION ORDER?<sup>87</sup>

1123 A97. While I agree with Mr. Clausen that it would be inappropriate to attempt to deal with  
1124 these issues in the context of the nine-month batch cut proceedings, I do not agree with  
1125 Mr. Clausen's approach. As explained above, SBC Illinois' obligations in this area have  
1126 not changed. The means by which CLECs may currently engage in CLEC-switched line  
1127 splitting are contained in the interconnection agreements that have already been approved  
1128 by this Commission. To the extent that any CLEC contends that SBC Illinois is not  
1129 meeting its obligations under such an interconnection agreement, such a dispute should  
1130 be resolved through the standard channels. Similarly, to the extent that CLECs claim that  
1131 SBC Illinois' obligations in this area were changed by the FCC's *TRO*, those CLECs  
1132 should follow the change of law provisions of their interconnection agreements.

1133 In any event, even if Mr. Clausen's approach were adopted, I believe that the CLECs  
1134 should file their proposal for the process and then let SBC respond. Although the CLECs  
1135 have made numerous claims regarding alleged problems, they have not identified the  
1136 specific characteristics (including the rates, terms and conditions) of their proposal.

1137

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<sup>86</sup> Clausen at 24.

<sup>87</sup> Clausen at 25.

1138 **Q. ARE THE EXISTING VOLUMES OF UNE LINE SPLITTING**  
1139 **ARRANGEMENTS IN ILLINOIS COMPARABLE TO THE EMBEDDED UNE-P**  
1140 **BASE?**

1141 A98. No. As discussed in my direct testimony in this proceeding, the current Line Splitting  
1142 volumes in Illinois are very small. Again, this is important because the FCC was  
1143 concerned with larger volumes of hot cuts beyond the current volumes that the FCC had  
1144 already found provided CLECs with nondiscriminatory access to unbundled loops. The  
1145 potential need for hot cuts involving these very small volumes therefore was not a factor  
1146 in the FCC impairment analysis.

1147

1148 **Q. MR. CLAUSEN FAULTS YOUR VOLUME ANALYSIS FOR LINE SHARING**  
1149 **AND LINE SPLITTING.<sup>88</sup> HOW DO YOU RESPOND.**

1150 A99. First of all, Mr. Clausen states that there are no processes for these scenarios. This is not  
1151 the case. SBC Illinois has the ability to support CLEC-switched line splitting  
1152 arrangements that are provisioned using the offerings available under approved  
1153 interconnection agreements. It is unreasonable for Mr. Clausen to fault SBC Illinois for  
1154 not having processes to support arrangements that CLECs are not entitled to under their  
1155 interconnection agreements.

1156

1157 CLECs have refused to utilize the options that they are entitled to under their  
1158 interconnection agreements. However, for instance, if CLECs were to avail themselves  
1159 of the currently available options, a CLEC that was currently providing service via a

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<sup>88</sup> Clausen at pp. 14-16.

UNE Line Splitting arrangement and wished to transition to a CLEC-switched Line Splitting arrangement would simply submit a local number portability ("LNP") local service request ("LSR"). The CLEC would have full control over the timing and volume of the cutovers as SBC Illinois would not be physically involved in the actual cutover process.

In regards to the actual volumes provided, these are not "current volumes" as Mr. Clausen suggests. These are volumes that indicate the lines that are potentially

**Q. DID THE FCC ADDRESS THE INCUMBENT LEC'S ABILITY TO SUPPORT LINE SPLITTING IN THE TRO?**

A100. Yes. The FCC expressly noted: "We do not anticipate that the incumbent LEC will have any difficulty implementing such an obligation because the Commission required as much from them in its *Line Sharing Reconsideration Order*."<sup>89</sup> Therefore it is clear that unlike its analysis for mass market DS0 voice loops, the incumbent LECs ability to support line splitting played no factor in the FCC's national finding of impairment. Indeed both this Commission and the FCC reviewed and approved SBC Illinois' offerings supporting line sharing and line splitting arrangements and found that they complied with all relevant obligations and were provided in a nondiscriminatory manner.

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<sup>89</sup> TRO at 252

1180 **Q. DID THE FCC INDICATE WHERE FUTURE LINE SPLITTING**  
1181 **OPERATIONAL ISSUES SHOULD BE ADDRESSED?**

1182 A101. Yes, and it was not in a batch cut process case. Rather, the FCC encouraged incumbent  
1183 LECs and competitors to use "existing state commission collaboratives and change  
1184 management processes to address OSS modifications that are necessary to support line  
1185 splitting."<sup>90</sup> This would include both types of line splitting required by the FCC line  
1186 splitting rule. It is obvious from the FCC's own statements in the *TRO* that the FCC did  
1187 not anticipate line splitting issues being addressed in batch cut proceedings.

1188

1189 **Q. CONSISTENT WITH THE FCC'S DIRECTIVE, HAS SBC OFFERED TO**  
1190 **WORK WITH CLECS ON PROCESS IMPROVEMENTS FOR CLEC-**  
1191 **SWITCHED LINE SPLITTING ORDERING SCENARIOS?**

1192 A102. Yes. SBC proactively initiated monthly 13-state line splitting collaboratives shortly after  
1193 the FCC released its Triennial Review Order in order to work with CLECs to identify and  
1194 resolve line splitting issues. Although SBC (including SBC Illinois) has repeatedly asked  
1195 CLECs if they would like for SBC to develop improved processes for CLEC-switched  
1196 Line Splitting using the physical configurations that are currently available to CLECs  
1197 under interconnection agreements, CLECs have repeatedly turned down SBC's offer.  
1198 Rather than use and improve upon the options that SBC Illinois is obligated to support,  
1199 CLECs have waited to see if SBC Illinois is willing (and able) to develop a new offering  
1200 as described in Exhibit CB-KM-1 to Ms. Boone and Ms. Murphy's testimony.

1201

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<sup>90</sup> *Id.*

1202   **Q.     IS THIS AN IMPORTANT POINT?**

1203   A103. Yes. Although Ms. Boone and Ms. Murphy contend that there are many problems with  
1204       the currently available options for CLEC-switched line splitting, the fact of the matter is  
1205       that CLECs have made no efforts to date to work with SBC to improve the processes.  
1206       Instead, the CLECs have taken an all or nothing stance and now Covad is complaining  
1207       because SBC Illinois does not have a process in place to support a non-existent product  
1208       offering. Although the Covad witnesses present the issue as if there were an SBC Illinois  
1209       proposal and a Covad proposal on the table, this simply is not the case. SBC Illinois has  
1210       a current offering in place and has offered to work with CLECs to make this offering  
1211       better suited to the CLECs' business needs. Covad, on the other hand, is describing how  
1212       believes that hypothetical processes would work for a product that does not currently  
1213       exist.

1214

1215   **Q.     WHAT IS THE CURRENT STATUS OF THE CLEC-SWITCHED LINE**  
1216       **SPLITTING NETWORK ARCHITECTURE ISSUES REFERENCED ABOVE?**

1217   A104. Through the 13-stateline splitting collaboratives, SBC (including SBC Illinois), had been  
1218       evaluating the feasibility of developing a new product offering that would provide the  
1219       functionality described by Covad. At the January 2004 line splitting collaborative, SBC  
1220       asked CLECs to provide additional feedback regarding their expectations for the type of  
1221       offering they had requested. SBC scheduled a follow-up call to discuss the current status  
1222       of its evaluation and to obtain this input from the CLECs.

1223       The feedback provided by the CLECs was fairly straightforward. They expected the  
1224       following:



- 1225           • SBC would be responsible for all development costs associated with the new  
1226           offering;
- 1227           • The new offering would be provided as a UNE; and
- 1228           • The new offering would be provided at no additional charge.

1229           Based on the fact that under these conditions, SBC could never recover its costs for  
1230           developing and providing this offering to CLECs, SBC decided after the call that it would  
1231           not continue to pursue the development of this potential offering. SBC shared this  
1232           decision with the CLECs at the February 2004 13-state line splitting collaborative;  
1233           however, SBC also indicated that it would still be willing to consider such an  
1234           arrangement on a business-to-business basis.

1235

1236   **Q.   THROUGHOUT THEIR TESTIMONY, MS. BOONE AND MS. MURPHY MAKE**  
1237   **NUMEROUS CLAIMS REGARDING PROCESSES THAT ARE CURRENTLY**  
1238   **AVAILABLE FOR UNE LINE SPLITTING. WILL YOU BE RESPONDING TO**  
1239   **ALL OF THESE CLAIMS?**

1240   A105. No. SBC Illinois' processes for UNE Line Splitting are irrelevant to a determination on  
1241           SBC Illinois' batch cut proposal since, by definition, UNE Line Splitting cannot involve  
1242           a hot cut from an SBC switch to another carrier's switch since UNE Line Splitting is  
1243           provisioned using unbundled local switching provided by SBC Illinois. Furthermore,  
1244           SBC Illinois has already begun efforts to develop process enhancements for various UNE  
1245           Line Splitting scenarios in response to issues raised by CLECs in SBC's 13-state line  
1246           splitting collaborative workshops. Although SBC Illinois disagrees with many of the

1247 statements that the Covad witnesses have been made, I will not muddy up the record by  
1248 digressing into a discussion of issues that are completely unrelated to batch cuts.

1249 For example, Ms. Boone and Ms. Murphy discuss issues associated with switch-based  
1250 features in UNE Line Splitting arrangements in their testimony. However, in a CLEC-  
1251 switched Line Splitting arrangement, SBC Illinois would not even be providing the end  
1252 user's switch-based features. The actual physical components provided by SBC Illinois  
1253 in a CLEC-switched Line Splitting arrangement are not the same as those provided in a  
1254 UNE Line Splitting arrangement and the issues and order processes associated with  
1255 provisioning the two arrangements are different.

1256  
1257 **Q. IS LINE SPLITTING THE ONLY ALTERNATIVE TO LINE SHARING AS MS.**  
1258 **BOONE AND MS. MURPHY SUGGEST?<sup>91</sup>**

1259 A106. No. While line splitting and line sharing are both means of offering DSL services, DSL  
1260 services themselves are only a fraction of a larger broadband Internet access market as  
1261 Ms. Boone and Ms. Murphy's testimony illustrates. For example, the Covad testimony  
1262 provides excerpts from a J.P. Morgan Securities, Inc. report that suggests that by 2006,  
1263 approximately one third of the broadband Internet access market will be provisioned over  
1264 DSL.<sup>92</sup> To look at it another way, Ms. Boone and Ms. Murphy's own testimony suggests  
1265 that two-thirds of the broadband Internet access service market will be provisioned over  
1266 *non-DSL based* network architectures. Clearly, line splitting (part of the DSL third) is  
1267 not the only competitive alternative to line sharing (also part of the DSL third).

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<sup>91</sup> Boone/Murphy at p. 16.

1268

1269 **Q. DO YOU HAVE ANY GENERAL COMMENTS REGARDING THE COVAD**  
1270 **TESTIMONY?**

1271 A107. Yes. Many of the issues discussed in Covad's testimony have no bearing on a  
1272 determination on a batch cut process. It appears that Ms. Boone and Ms. Murphy are  
1273 attempting to use the batch cut proceeding as a catch-all rulemaking proceeding in the  
1274 hope that instead of simply making a determination on a batch cut process, this  
1275 Commission will impose numerous new obligations on SBC Illinois – some of which are  
1276 directly contradictory to the FCC's *TRO* rulings.

1277

1278 **Q. IS IT TRUE THAT CLECS CANNOT ESTABLISH VOICE AND DSL SERVICE**  
1279 **AT THE SAME TIME?**<sup>93</sup>

1280 A108. No. In the context of CLEC-switched Line Splitting (the type of line splitting that does  
1281 not involve unbundled local switching), SBC Illinois does allow CLECs to submit orders  
1282 that will allow voice and DSL service to be established simultaneously. However, SBC  
1283 does recognize that if CLECs do plan to begin provisioning CLEC-switched line splitting  
1284 arrangements, process enhancements may be beneficial. This is one of the primary  
1285 reasons that SBC initiated the 13-state line splitting collaboratives. However, as stated  
1286 above, in each of four workshops that SBC has conducted to day, the participating  
1287 CLECs (including AT&T, MCI, and Covad) chose not to accept SBC's offer to discuss  
1288 process enhancements for the currently available network architecture.

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<sup>92</sup> Boone/Murphy at p. 9.

<sup>93</sup> Boone/Murphy at p 44.

1289

1290 **Q. MS. BOONE AND MS. MURPHY DISCUSS A NUMBER OF ISSUES**  
1291 **ASSOCIATED WITH CLEC-SWITCHED LINE SPLITTING NETWORK**  
1292 **ARCHITECTURE.<sup>94</sup> HOW DO YOU RESPOND?**

1293 A109. Ms. Boone and Ms. Murphy suggest that Covad should not have to make any  
1294 modifications to its current collocation arrangements or to the provisioning processes it  
1295 follows for UNE Line Splitting arrangements when engaging in CLEC-switched Line  
1296 Splitting; however, this is not a reasonable expectation. Any time that CLECs transition  
1297 to a more facility-based provisioning arrangement, there are typically going to be  
1298 differences in the CLECs' network architecture and in the provisioning processes. Just as  
1299 it would be unreasonable to expect that a UNE-P CLEC would not have to make any  
1300 changes if it began offering service over UNE-L, it is equally unreasonable to expect that  
1301 no changes would need to occur if a CLEC currently engaging in line splitting with ILEC  
1302 provided switching began to engage in line splitting with CLEC provided switching.  
1303 The fact of the matter is that CLECs have known for some time that local switching may  
1304 be eliminated from ILEC's unbundling obligations. Covad could have designed its  
1305 collocation arrangements in a manner that would make this transition simpler, but chose  
1306 not to. However, this does not mean that Covad cannot use the investments that it has  
1307 made. It simply means that it needs to make adjustments that enable it to provide service  
1308 in a different manner.

1309

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<sup>94</sup> Boone/Murphy at pp. 22-27.

1310 **Q. WHAT IS SBC'S CAGE-TO-CAGE "CROSS-CONNECT" OFFERING?**

1311 A110. SBC's cage-to-cage cross connection product, or what SBC terms direct connections  
1312 between collocators, provides the collocator significant control over both provisioning  
1313 intervals and costs. The product is designed to allow minimize involvement SBC's  
1314 involvement and allows collocators to make their own arrangements with each other.  
1315 The CLEC arranges for the provision and installation of the cable, while SBC provides  
1316 routing design and cable rack leasing.

1317

1318 **Q. DO MS. BOONE AND MS. MURPHY CORRECTLY CHARACTERIZE SBC**  
1319 **ILLINOIS' RATES FOR THIS OFFERING IN HER TESTIMONY.**

1320 A111. No. It appears that Covad's witnesses may be referencing rates that apply for a different  
1321 product offering. SBC Illinois' rates for this product are TELRIC-based.

1322

1323 **H. PACKET SWITCHING**

1324

1325 **Q. MS. BOONE AND MS. MURPHY SUGGEST THAT IN SOME**  
1326 **CIRCUMSTANCES, SBC ILLINOIS SHOULD BE REQUIRED TO PROVIDE**  
1327 **PACKET SWITCHING TO CLECS ON AN UNBUNDLED BASIS.<sup>95</sup> IS THIS**  
1328 **RELEVANT OR CONSISTENT WITH THE TRO?**

1329 A112. No. Although Covad's witnesses very carefully avoid the use of the terms "packet  
1330 switching" and "unbundling" in their discussion on this issue, a requirement that SBC  
1331 Illinois provide "broadband functionalities of DLC" (which are made possible by packet  
1332 switching functionality) at "cost based rates" (i.e., TELRIC) is, in fact, a requirement to  
1333 unbundle packet switching. The *TRO* was very clear on this issue. The FCC stated "The

rules we adopt herein do not require incumbent LECs to unbundle any transmission path over a fiber transmission facility between the central office and the customer's premises (including fiber feeder plant) that is used to transmit packetized information. Moreover, the rules we adopt herein do not require incumbent LECs to provide unbundled access to any electronics or other equipment used to transmit packetized information."<sup>96</sup> This is simply another example of how Covad is attempting to broaden the scope of this proceeding and impose requirements on SBC Illinois that are contrary to the *TRO*.

**Q. DO YOU AGREE WITH MS. BOONE AND MS. MURPHY THAT ALL RATES FOR PROCESSES ASSOCIATED WITH CLEC-SWITCHED LINE SPLITTING MUST BE TELRIC-BASED?**<sup>97</sup>

A113. No. To the extent that the rate in question relates to SBC Illinois' provision of a UNE to CLECs, I agree that such rates should be TELRIC based. However, some of the line splitting if SBC Illinois chooses to go beyond its unbundling obligations to offer processes that CLECs desire, it would make such voluntary offerings available at market-based rates.

**I. PRICING OF THE BATCH PROCESS**

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<sup>95</sup> Boone/Murphy at p. 30.

<sup>96</sup> *TRO* at ¶ 288 (footnotes omitted).

<sup>97</sup> Boone/Murphy at p. 33.

1353 Q. MR. STARKEY AND MS. LICHTENBERG FAULT SBC ILLINOIS FOR NOT  
1354 PROVIDING ITS PROPOSED PRICES FOR THE BATCH CUT PROPOSAL  
1355 SOONER.<sup>98</sup> DO YOU HAVE ANY RESPONSE?

1356 A114. Yes. As MCI's witnesses acknowledge, the prices for the batch cut processes must be set  
1357 at TELRIC-based rates. Since TELRIC-based rates are, by definition, cost-based, SBC  
1358 Illinois could not propose the rates until the process had been defined. SBC was  
1359 modifying its batch cut proposal to incorporate CLEC-requested changes until it  
1360 presented its final batch cut proposal in mid-December of 2003. SBC could not complete  
1361 the cost studies required for a TELRIC-based rate until after the proposal was finalized.  
1362 While it is true that if SBC had refused to modify its original proposal, it could have  
1363 proposed prices sooner, this approach would have been detrimental to the development of  
1364 a truly effective batch cut process.

1365

1366 Q. DID SBC ILLINOIS PROVIDE ITS PROPOSED RATES (AND SUPPORTING  
1367 COST STUDIES) EARLIER IN THE PRODUCT DEVELOPMENT PROCESS  
1368 THAN IT WOULD HAVE UNDER NORMAL CIRCUMSTANCES?

1369 A115. Yes. SBC had to complete and file cost studies and proposed rates much earlier in the  
1370 product development process than it would have under normal circumstances. As noted  
1371 above, SBC finalized its 11-state Batch Cut Proposal in mid-December after modifying  
1372 the proposal to reflect compromises made as a result of the various batch cut  
1373 collaborative workshops. Since that time, in order to meet the deadlines established by  
1374 the FCC, SBC has had to develop batch cut cost studies for each of the eleven states,  
1375 spanning three different SBC regions, within time frames established by the relevant

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<sup>98</sup> Lichtenberg/Starkey at p. 22.

1376 state commissions. The fact that much of this work, by necessity, had to be performed  
1377 during the holiday season, only increased the difficulty of SBC's task. SBC Illinois'  
1378 initial cost study was filed less than a month after the proposal had been finalized.

1379

1380 **Q. HAS THIS ACCELERATED SCHEDULE HAD ANY UNWANTED EFFECTS?**

1381 A116. Yes. Unfortunately, due to the highly expedited nature of the various batch cut filings,  
1382 and the fact that the cost studies themselves are depicting a new process, SBC was not  
1383 able to scrutinize the cost studies as carefully as it would under normal circumstances.  
1384 However, SBC recognized this fact and has continued to review these studies and make  
1385 corrections and adjustments as needed. In some cases, these changes have been the result  
1386 of issues raised by CLECs in various state filings.

1387

1388 **Q. MR. LUNDY HAS PROVIDED A REVISED COST STUDY WITH HIS**  
1389 **REBUTTAL TESTIMONY. CAN YOU EXPLAIN THE REASON FOR ANY OF**  
1390 **THE REVISIONS THAT ARE CONTAINED IN THAT COST STUDY?**

1391 A117. Yes. The inputs used in SBC Illinois' initial cost study for the number of lines per order  
1392 for the Enhanced Daily Process options did not reflect a forward looking environment.  
1393 SBC Illinois has modified these inputs to reflect forward-looking assumptions.

1394

1395 **Q. DO THESE MODIFICATIONS IMPACT SBC ILLINOIS' PROPOSED RATES**  
1396 **IN THIS PROCEEDING?**

1397 A118. Yes. SBC Illinois' proposed rates are based upon TELRIC-based costs. Since those  
1398 costs have changed, the proposed rates have changed as well.



1399

1400 **Q. WHAT ARE SBC ILLINOIS' NEW PROPOSED RATES?**

1401 A119. SBC Illinois' proposed new rates, which are based on the revised cost study, are as  
1402 follows

1403 **Enhanced Daily Process – All Options**

1404 FDT Basic Option \$29.84

1405 CHC Basic Option \$33.92

1406 IDLC Basic Option \$89.31

1407 **Defined Batch Process – FDT Option**

1408 Basic (M-F, 8 AM – 5 PM) \$25.28

1409 Expanded (M-F 6 AM – 8 AM)<sup>99</sup> \$25.62

1410 **Defined Batch Process – CHC Option**

1411 Basic (M-F, 8 AM – 5 PM) \$26.64

1412 Expanded (M-F 6 AM – 8 AM, 5 PM – 12 AM, Sat 8 AM – 5 PM)<sup>100</sup> \$26.92

1413 **Defined Batch Process – IDLC Option**

1414 Basic (M-F, 8 AM – 5 PM) \$88.65

1415 **Bulk Project Offering – FDT Option**

1416 Basic (M-F, 8 AM – 5 PM) \$25.21

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<sup>99</sup> Requests for hot cuts outside of normal business hours are subject to the minimum volume requirements described in SBC's Batch Cut Proposal.

<sup>100</sup> Requests for hot cuts outside of normal business hours are subject to the minimum volume requirements described in SBC's Batch Cut Proposal.

1417	Expanded (M-F 6 AM – 8 AM, 5 PM – 12 AM, Sat 8 AM – 12 AM) <sup>101</sup>	\$25.54
1418	Premium (M-F 12 AM – 6 AM, Sat 12 AM – 8 AM) <sup>102</sup>	\$27.68

1419       **Bulk Project Offering – CHC Option**

1420	Basic (M-F, 8 AM – 5 PM)	\$26.57
1421	Expanded (M-F 6 AM – 8 AM, 5 PM – 12 AM, Sat 8 AM – 12 AM) <sup>103</sup>	\$26.86
1422	Premium (M-F 12 AM – 6 AM, Sat 12 AM – 8 AM) <sup>104</sup>	\$29.30

1423       **Bulk Project Offering – IDLC Option**

1424	Basic (M-F, 8 AM – 5 PM)	\$88.65
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1425

1426   **Q.     ARE THESE PROSED REVISED RATES SUBJECT TO CHANGE?**

1427   A120. Yes. As explained in my direct testimony, changes to SBC's Batch Cut Proposal could  
1428       impact the cost of the offerings in the proposal and, as a result, impact the rates. In  
1429       addition, the shared and common cost allocator and labor rates upon which SBC's  
1430       proposed rates are based are currently under consideration in another proceeding, ICC  
1431       docket 02-0864. To the extent that the Commission approves a different shared and  
1432       common cost allocator and/or labor rates, SBC Illinois' rates for the processes contained  
1433       in its Batch Cut Proposal would need to be modified to be compliant with such findings.

1434

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<sup>101</sup> Requests for hot cuts outside of normal business hours are subject to the minimum volume requirements described in SBC's Batch Cut Proposal.

<sup>102</sup> Requests for hot cuts outside of normal business hours are subject to the minimum volume requirements described in SBC's Batch Cut Proposal.

<sup>103</sup> Requests for hot cuts outside of normal business hours are subject to the minimum volume requirements described in SBC's Batch Cut Proposal.

1435 **Q. STAFF WITNESS HANSON AND MR. VAN DE WATER CLAIM THAT THE**  
1436 **TRO REQUIRES THAT THE COMMISSION APPROVE BATCH CUT RATES**  
1437 **THAT ARE LOWER THAN CURRENTLY APPROVED HOT CUT RATES.<sup>105</sup> IS**  
1438 **THIS TRUE?**

1439 A121. No. The rule established by the FCC in the *TRO* requires that state commissions adopt  
1440 TELRIC rates for the batch cut activities they approve "in accordance with the  
1441 Commission's pricing rules for unbundled network elements." The rule specifies that the  
1442 "rates shall reflect the efficiencies associated with batched migration of loops to a  
1443 requesting telecommunications carrier's switch, either through a reduced per-line rate or  
1444 through volume discounts as appropriate."<sup>106</sup> The key point here being that the rates  
1445 must be consistent with the TELRIC pricing requirements, and that the rate would be a  
1446 reduced per-line rate only "if appropriate."

1447

1448 **Q. DO YOU MEAN TO SAY THAT THE FCC DID NOT BELIEVE THAT THE**  
1449 **RESULTING APPROVED BATCH CUT RATES WOULD BE LOWER THAN**  
1450 **THE EXISTING HOT CUT RATES?**

1451 A122. No. I do believe that the FCC believed that the rates would be lower. If you were to  
1452 assume that a state had an approved TELRIC-based rate that reflected the costs  
1453 associated with current hot cut process, it follows that the TELRIC-based rate for a batch  
1454 cut process that reduced those costs would be lower than the current rate. This logic  
1455 assumes that the currently effective rates are reflective of the current hot cut process.  
1456 This is not the case in Illinois.

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<sup>104</sup> Requests for hot cuts outside of normal business hours are subject to the minimum volume requirements described in SBC's Batch Cut Proposal.

<sup>105</sup> Hanson at p. 7-8; Van de Water at p. 27.

<sup>106</sup> 47 C.F.R 51.319(d)(2)(ii)(A)(4).

CLECs are simply ignoring the FCC's pricing rules when they claim that the batch cut rates must be lower than currently applicable rates, regardless of whether those rates reflect current hot cut costs. The CLECs are advocating that the Commission ignore the actual costs associated with the batch cut and simply establish rates based not on costs, but upon existing rates that do not reflect SBC Illinois' current hot cut process.

**Q. DO YOU AGREE WITH MS. LICHTENBERG AND MR. STARKEY THAT TELRIC PRICING PRINCIPALS REQUIRE THAT RATES BE SET BASED UPON A NETWORK DESIGN THAT WOULD RESULT IN THE LOWEST POSSIBLE HOT CUT COSTS?**

A123. No. MCI's testimony relies does not consider the network in its totality. Regardless of how the term "forward looking network" is interpreted, on thing is certain. The network cannot be viewed by its piece parts as MCI suggests. Mechanizing one portion of the network may result in savings in terms of work activities; however, facilitating that mechanization may raise the overall costs of the network so that it is no longer supportable. For instance, certain network upgrades would require expansion of central offices where the needed real estate is not available. The costs associated with that type of expansion could be massive and far outweigh any savings associated with the new network design. It is inappropriate and irresponsible to view portions of the network in a vacuum as proposed by MCI.

**Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

A124. Yes.